

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 OPIC-03  
SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01  
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-----151218Z 047023 /11

O 151220Z FEB 77  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC IMMEDIATE 5327

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PASS EB/OT FOR BARRACLOUGH

E.O. 11652: N/A  
TAGS: ETRD, OECD  
SUBJECT: FUTURE OF THE TRADE PLEDGE: MEETING OF  
TRADE COMMITTEE WORKING PARTY FEB. 22

OECD SECRETARIAT HAS JUST ISSUED PAPER TC/WP(77)5,  
ENTITLED "THE TRADE PLEDGE: EXAMINATION OF THE  
OPTIONS," TO SERVE AS BASIS FOR DISCUSSION AT TCWP  
MEETING FEB. 22. COPY OF THIS PAPER IS BEING HAND  
CARRIED TO DEPT. FOR BARRACLOUGH (EB/OT). MISSION  
WOULD APPRECIATE ANY WASHINGTON COMMENTS AVAILABLE  
BY FEB. 22 FOR USE AT TCWP. SUMMARY OF MAIN POINTS  
OF THIS DOCUMENT, WHICH SECRETARIAT HAS DIVIDED INTO  
THREE SECTIONS TREATING QUESTIONS OF SUBSTANCE,  
PROCEDURES, AND FORM, IS PROVIDED BELOW.

BEGIN SUMMARY

### I. QUESTIONS OF SUBSTANCE

#### A. SECTORAL PROBLEMS RESULTING FROM RECESSION AND LIMITED OFFICIAL USE

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SLOW RECOVERY: PAPER SUGGESTS IT WOULD BE DIFFICULT  
TO GET MORE PRECISION INTO OECD UNDERTAKINGS, BUT  
THAT ONE COULD CONSIDER STRENGTHENING THE PLEDGE  
IMPLEMENTATION PROCEDURES TO ENSURE THAT SECTORAL  
PROBLEMS COME INTO A CONTEXT OF MULTILATERAL COOPERA-  
TION.

B. BALANCE OF PAYMENTS ISSUES: PAPER SUGGESTS THAT MAIN QUESTION IS THE RELATIONSHIP BETWEEN TRADE UNDER-TAKINGS AND ANY UNDERTAKINGS IN OTHER FIELDS OF ECONOMIC COOPERATION, ESPECIALLY INTERNAL ECONOMIC POLICY. IDEA IS SET FORTH THAT NEW OR RENEWED TRADE UNDERTAKINGS, AND UNDERTAKINGS AS TO ECONOMIC POLICY IN A BROAD SENSE, MIGHT BE GIVEN IN THE CONTEXT OF OVERALL COOP-ERATIVE ACTION, STRENGTHENED BY A PROCEDURAL DEVICE.

II. PROCEDURES. PAPER SUGGESTS FOLLOWING POSSIBLE PROCEDURAL IMPROVEMENTS TO MAKE COOPERATION MORE EFFECTIVE:

A. FOR SECTORAL TRADE MATTERS:

- A BROAD INTERPRETATION OF MEASURES TO BE NOTIFIED, AND IN PARTICULAR OF THE NOTION OF ARTIFICIAL EXPORT AID;
- IMPROVEMENTS IN THE CONTENT OF NOTIFICATION, AND IN PARTICULAR OF INFORMATION ENABLING THE JUSTIFICATION FOR, AND THE SCOPE OF, MEASURES TO BE ASSESSED;
- MORE FREQUENT USE OF PRIOR CONSULTATION, ESPECIALLY IN CASES OF DIFFICULTIES AFFECTING SEVERAL COUNTRIES;

B. FOR TRADE QUESTIONS IN THE CONTEXT OF THE ADJUST-LIMITED OFFICIAL USE

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MENT PROCESS:

- THE FURTHER DEVELOPMENT OF AN EARLY WARNING SYSTEM AND OF THE RELATED CONSULTATION PRO-CEDURES;
- CLOSER CO-ORDINATION BETWEEN THE BODIES RESPONSIBLE FOR TRADE QUESTIONS AND THOSE RESPONSIBLE FOR ECONOMIC POLICY MATTERS.

III. QUESTIONS OF FORM

A. RENEWAL OF THE PLEDGE WITH MODIFIED OR SUPPLEMENTED "COMMENTS". PAPER NOTES THAT THIS OPTION WOULD HAVE ADVANTAGE OF MAINTAINING COOPERATION ON BASIS OF WELL-KNOWN TEXT, ALTHOUGH THERE MIGHT BE PROBLEMS OF

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INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
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REDUCED CREDIBILITY WITH THE PUBLIC. IT IS SUGGESTED  
HOWEVER THAT THE DEMONSTRATED DETERMINATION OF GOVERN-  
MENTS TO LIVE UP TO THE PLEDGE COULD MAKE UP FOR THE  
LATTER DRAWBACK.

B. REPLACEMENT OF PLEDGE BY A GENERAL STATEMENT OF  
PRINCIPLES: PAPER ARGUES THAT THIS OPTION, GIVEN A  
LACK OF SUBSTANTIAL IMPROVEMENT IN THE ECONOMIC  
SITUATION, WOULD BE INTERPRETED AS A CAPITULATION TO  
PROTECTIONIST FORCES, UNLESS IT WERE DECIDED IN  
COMPENSATION TO MAKE SURVEILLANCE PROCEDURES CONSIDER-  
ABLY MORE MANDATORY THAN AT PRESENT.

C. REPLACEMENT OF PLEDGE BY A NEW INSTRUMENT EMBODYING  
A COMMITMENT TO CLOSER COOPERATION.

1) TRADE MATTERS ONLY: PAPER NOTES THAT CLOSER  
TRADE COOPERATION ON A PERMANENT BASIS IS THE  
SUBJECT OF GATT DISCUSSIONS AND THAT QUESTION  
OF AN EVEN CLOSER COOPERATION BETWEEN OECD  
MEMBERS COULD ONLY BE ASSESSED AFTER THESE

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DISCUSSIONS WERE COMPLETED. IT IS SUGGESTED, HOWEVER, THAT THERE MAY BE A NEED FOR SOMETHING TO COVER THE PERIOD UP TO THE ACHIEVEMENT OF POSITIVE RESULTS IN GENEVA.

2) COOPERATION IN BOTH TRADE AND OTHER FIELDS:  
PAPER SUGGESTS SUCH AN INSTRUMENT WOULD INCLUDE AS ITS TRADE PART THE OPERATIVE PORTION OF THE TRADE PLEDGE WITH THE INTRODUCTORY PARAGRAPHS REPLACED BY MORE GENERAL PROVISIONS DEALING WITH THE MOTIVES AND AIMS OF BROADER COOPERATION. IT IS NOTED THAT THE MAIN DIFFICULTY WOULD PROBABLY LIE IN AGREEING ON THE CONTENT AND EXPRESSION OF THE PROVISION ON ECONOMIC COOPERATION. AS A VARIATION OF THIS APPROACH, PAPER SUGGESTS THAT RENEWAL OF THE PLEDGE COULD BE ACCOMPANIED BY THE STRENGTHENING OF ECONOMIC COOPERATION IN A DIFFERENT FORM OR VIA AN INSTRUMENT DISTINCT FROM THE PLEDGE, NOTING THAT SOME SUCH STRENGTHENING TO IMPROVE BOP ADJUSTMENT IS DESIRABLE AND PERHAPS EVEN ESSENTIAL WHATEVER OPTION IS ADOPTED WITH RESPECT TO COOPERATION IN THE TRADE FIELD.

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## Message Attributes

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